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Insurance - 3  
4 August 1954

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with Mr. Frederick J. Lawton, President of WAEPA.

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1. On 2 August 1954 Mr. Harrison G. Reynolds, Assistant Director for Personnel, [redacted], Personnel Claims Branch, Office of Personnel, and I met with Mr. Frederick J. Lawton, President of WAEPA, to discuss the new insurance contract which CIA has entered into with Mutual of Omaha and its effect on our relations with WAEPA. We explained to Mr. Lawton that we had been looking around for some time in an effort to obtain a better life insurance contract than that which we had with WAEPA and that we had just entered into a contract with Mutual of Omaha which we thought would be much more advantageous to our employees. I outlined the advantages briefly and told Mr. Lawton that we had been in contact with Mr. Beebe, General Manager of WAEPA, in an attempt to obtain a better contract with WAEPA and that while Mr. Beebe had not answered a letter which we had sent to him on this subject he had telephoned and had, in effect, told us that WAEPA could offer us no additional benefits.

2. After some discussion Mr. Lawton indicated that WAEPA was created during the war to fill a gap and that it was never intended that it perpetuate itself. He explained that WAEPA was not interested in becoming competitive with other insurance organizations in any way and that the Directors were giving some thought to possible liquidation if and when the Government's insurance program was enacted. In conclusion, he said that he thought we would be much better off with the kind of arrangement we told him we would have with Mutual of Omaha.

3. We also discussed the possibility of paying dividends to WAEPA shareholders and in this connection pointed out that we had noted the surplus was now something more than \$1,000,000, which seemed excessive. He also indicated that CIA employees had contributed a great deal to this surplus and that, in fact, during the last three years had contributed at least \$400,000. Mr. Lawton said that the Directors were aware of the steady growth of the WAEPA surplus and that some of them were concerned about it but that it had been

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the policy of WAEPA to give additional benefits to members in lieu of actual cash dividends. He said that present policies were designed to insure that the surplus did not grow any more but readily admitted that it was larger than he would like to see it.

h. Finally I stated that we hoped the Directors would give some consideration to a cash dividend inasmuch CIA employees had done a great deal to build up the WAEPA surplus and we felt it only fair that they should have some reimbursement. Mr. Lawton indicated that he was sympathetic to this and that he would take it up at the next meeting of the Directors which would be in either September or October.

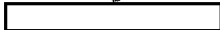
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Deputy Director  
(Administration)

cc: Mr. Reynolds

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Mr. Kirkpatrick, IC

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